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Message Text

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ACTION EB-08

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 AGRE-00 NSC-05 SS-15 STR-04
CEA-01 L-03 H-01 PA-01 PRS-01 JUSE-00 FTC-01 ITC-01
/083 W
----------171353Z 075561 /41
R 170705Z MAR 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 6201

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E.O. 11652: N/A
TAGS: EIND, ETRD, JA
SUBJECT: JAPANESE DUMPING COMPLAINT AGAINST US PHOSPHATE
FERTILIZER PRODUCTS

1. SUMMARY: JAPANESE PRESS HAS CARRIED REPORTS OF PREPARATIONS BY THE JAPAN'S FERTILIZER INDUSTRY TO FILE CHARGES AGAINST ALLEGED DUMPING IN JAPAN OF US PHOSPHATE FERTILIZER PRODUCTS. HOWEVER, WE HAVE LEARNED FROM INDUSTRY REPS THAT NO CONSENSUS HAS YET BEEN REACHED ON ACTUALLY GOING THROUGH WITH A FORMAL CHARGE. AT PRESENT, BOTH MITI AND THE JAPANESE FERTILIZER INDUSTRY ASSOCIATION ARE STUDYING WAYS TO RESOLVE THE PROBLEM BY INFORMAL, ADMINISTRATIVE MEASURES. WHILE THE JAPANESE INDUSTRY'S PROBLEMS WITH COMPETITION FROM IMPORTS APPEAR TO STEM LARGELY FROM ITS OWN INEFFICIENT OPERATIONS, INDUSTRY MEMBERS MAY BE TRYING TO TAKE ADVANTAGE OF PRESENT SENSITIVITIES OVER US DUMPING CHARGES RELATED TO STEEL AND COLOR TVS TO CALL ATTENTION TO THEIR OW PROBLEMS. MITI HAS DISCOUNTED THE POSSIBILITY OF IMMEDIATE ACTION ON THIS DUMPING CHARGE, AND DOES NOT FEEL THAT THE ISSUE WILL OR SHOULD INTRUDE ON THE FUKUDA-CARTER TALKS. END SUMMARY.
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2. THE NIHON KEIZAI SHIMBUN AND NIHON KOGYO SHIMBUN HAVE GIVEN FRONT-PAGE COVERAGE TO WHAT THEY DESCRIBE AS THE JAPAN PHOSPHATE AND COMPOUND FERTILIZER MANUFACTURERS ASSOCIATION'S PENDING DECISION TO FILE A COMPLAINT ON THE ALLEGED DUMPING OF US PHOSPHATE FERTILIZER IN JAPAN. JAPANESE INDUSTRY SPOKESMEN

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STATED IN THE PRESS THAT US PHOSPHATE FERTILIZER IMPORTS, WHICH AMOUNTED TO 123,000 MT IN JULY-DECEMBER 1976--AN INCREASE OF 298 PERCENT FROM THE SAME PERIOD IN 1975--HAVE CAUSED SERIOUS LOSSES TO LEADING DOMESTIC MANUFACTURERS. FURTHER, THEY CHARGE THAT US EXPORT PRICES TO JAPAN (DOLS120/TON, FOB JAPAN) ARE CONSIDERABLY LOWER THAN PRODUCTION COSTS IN FLORIDA, A MAJOR SOURCE OF ROCK PHOSPHATE (DOLS 173.70/ TON, EX FACTORY). JAPANESE INDUSTRY REPS ARE QUOTED AS URGING DOMESTIC SELF-SUFFICIENCY IN PHOSPHATE FERTILIZERS "AT ALL COSTS" AND WARN OF THE INDUSTRY'S COLLAPSE SHOULD THE PRESENT TREND IN US IMPORTS CONTINUE UNCHECKED.

3. PRESS ARTICLES ALSO STATE THAT THE FERTILIZER POLICY COUNCIL, AN ADVISORY ORGAN TO MITI AND THE MAF, IS RECOMMENDING VOLUNTARY RESTRAINT ON THE PART OF JAPAN'S PHOSPHATE FERTILIZER IMPORTERS. INDUSTRY SOURCES ARE QUOTED AS FEELING THAT ABOUT 100,000 MT PER YEAR WOULD BE A REASONABLE LEVEL FOR IMPORTS OF THIS US FERTILIZER PRODUCT. FINALLY, THE PRESS SPECULATED ON CONCERN WITHIN THE GOJ THAT THE FERTILIZER DUMPING CHARGE COULD BE INTERPRETED BY THE US AS BEING LINKED TO CURRENT STEEL AND COLOR TV COMPLAINTS AGAINST JAPAN, AND THUS BECOME A POLITICAL ISSUE, POSSIBLY IMPINGING ON THE PENDING FUKUDA-CARTER TALKS.

4. UPON CONTACT WITH THE FERTILIZER MANUFACTURER'S LIMITED OFFICIAL USE

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ASSOCIATION, WE LEARNED THAT WHILE SOME COMPANIES IN THE ASSOCIATION HAVE CONSIDERED FILING A DUMPING COMPLAINT AGAINST US IMPORTS, THERE IS NOT YET ANY CONSENSUS ON THIS MOVE. THE FERTILIZER POLICY COUNCIL RECOMMENDATIONS REPORTED IN THE PRESS DO NOT DIRECTLY BEAR ON THIS DUMPING CASE, BUT ARE ACTUALLY UNDER CONSIDERATION AS PART OF A STUDY ON LONG-TERM IMPORT AND PRODUCTION POLICY IN THE INDUSTRY.

5. THE CHEMICAL FERTILIZER DIVISION OF MITI'S BASIC INDUSTRY BUREAU CONSIDERS IT UNLIKELY THAT A FORMAL DUMPING CHARGE WILL BE FILED, AND FEELS THAT THIS ISSUE WILL PROBABLY BE RESOLVED QUIETLY. BOTH MITI AND THE ASSOCIATION HAVE CONFIRMED THAT THE POSSIBILITY OF SETTING UP A TARIFF QUOTA SYSTEM FOR FERTILIZER IMPORTS WAS STUDIES LAST YEAR, BUT WAS DROPPED AS BEING CONTRARY TO A POLICY OF FREE TRADE. MITI REPS TOLD US THAT THEY ARE PRESENTLY STUDYING MEASURES FOR DISCOURAGING THE IMPORT OF

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PHOSPHATE FERTILIZERS BY EMPHASIZING THE PURCHASE
OF ROCK PHOSPHATE RATHER THAN FINISHED FERTILIZER
PRODUCTS.

6. COMMENT: FROM OUR PAST EXPERIENCE WITH THE
JAPANESE CHEMICAL INDUSTRY, WE ARE INCLINED TO
AGREE WITH COMMENTS THAT JAPAN'S FERTILIZER
MANUFACTURERS' PROBLEMS ARE LARGELY ROOTED IN
INEFFICIENT PRODUCTION METHODS THAT HAVE PUSHED
THE COST OF ITS PRODUCTS ABOUT 20 PERCENT ABOVE
THOSE OF EQUIVALENT US GOODS. THE MANUFACTURERS
IN QUESTION TEND TO BE FAIRLY LARGE CORPORATIONS
THAT MANUFACTURE NUMEROUS VARIETIES OF CHEMICAL
FERTILIZERS. WE HAVE THE IMPRESSION THAT SOME
OF THESE MANUFACTURERS, KNOWN TO BE VULNERABLE TO
FOREIGN COMPETITION, ARE TAKING ADVANTAGE OF PRESENT SENSITIVITIES
OVER US DUMPING CHARGES BY PRESSING THEIR COMPLAINT AT THIS
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TIME.

7. NO OTHER JAPANESE PAPERS HAVE PICKED UP THIS
STORY, AND IT APPEARS THAT EXISTING PRESS COVERAGE
HAS BEEN MOSTLY SPECULATIVE. WE LEARNED THAT PM
FUKUDA SUMMONED MITI BASIC INDUSTRY BUREAU DIRGEN.
AMAYA FOR A BRIEFING ON THE FERTILIZER DUMPING
PROBLEM, AND WAS TOLD THAT NO IMMEDIATE ACTION
ON IT IS PLANNED. MITI REPS EXPRESSED TO US
APPARENT ANNOYANCE THAT THE DUMPING CHARGE HAS
BEEN BROUGHT UP AT THIS TIME, AND THEY DO NOT WANT
IT TO INTRUDE ON THE CARTER-FUKUDA TALKS.
BUTTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Handling Restrictions: n/a
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Original Handling Restrictions: n/a
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Review Release Event: n/a
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Status: NATIVE
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TAGS: EIND, ETRD, JA, US
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/ab037db6-c288-dd11-92da-001cc4696bcc
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